

Charity Commission

The Church of Jesus Christ of Latter- Day Saints (Welfare) & Subsidiary Undertakings

ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended

31 December 1998



Company Registration No. 1332670
Charity Registration No. 274605

The Church of Jesus Christ of Latter-Day Saints (Welfare) &
Subsidiary Undertakings
DIRECTORS AND OFFICERS

DIRECTORS

A K Broadway
R J Mawle
B Calsen
K F Keeler

SECRETARY

A K Broadway

COMPANY NUMBER

1332670 (England and Wales)

REGISTERED CHARITY NUMBER

274605

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
154 Great Charles Street
Birmingham
B3 3HN

BANKERS

HSBC
Bank of America

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

DIRECTORS' REPORT

The directors, who are the charity's trustees, submit their report and the financial statements of The Church of Jesus Christ of Latter-Day Saints (Welfare) and subsidiary undertakings for the year ended 31 December 1998.

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-Day Saints (Welfare) is a registered charity which has been incorporated as a private unlimited company. The charity is governed by its Memorandum and Articles of Association.

OBJECTS, PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The objects of the charity, its principal activities and a review of the year are given in the Trustees' Report on pages 27 and 28 of the financial statements.

RESULTS

The surplus of the group for the year was £247,000 (1997 - £894,000) after receiving a donation of £2,141,000 (1997 - £1,086,000) from its parent company, The Corporation of the President of the Church of Jesus Christ of Latter-Day Saints.

The directors do not recommend the payment of a dividend, which leaves a surplus for the year of £247,000 to be transferred to reserves.

Assurances of continued financial support have been received from The Corporation of the President of the Church of Jesus Christ of Latter-Day Saints.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:-

A K Broadway

R J Mawle

B D Jacox (appointed 3 November 1998, resigned 6 October 1999)

K F Keeler

B P Jensen (resigned 6 October 1999)

B Calsen (appointed 6 October 1999)

A K Broadway and K F Keeler retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company or its subsidiary undertakings.

INTRODUCTION OF THE EURO

The directors believe the introduction of the Euro will have no significant impact on the group's activities.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

DIRECTORS' REPORT

YEAR 2000

Although no organisation can guarantee that no year 2000 problems will arise, we believe that, having identified and removed the major risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

The cost of implementing the action plans to deal with the Year 2000 issue has been subsumed into the recurring activities of the group.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

AK Broadway
A K Broadway
Secretary

12 April 2000

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

DIRECTORS' REPORT

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE)
& SUBSIDIARY UNDERTAKINGS

We have audited the financial statements on pages 6 to 26 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors, who also act as the trustees for the charitable activities of the Church of Jesus Christ of Latter-Day Saints (Welfare), are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and its subsidiaries at 31 December 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham
B3 3HN

12 APRIL 2000

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 1998

		<i>GROUP</i>		<i>COMPANY</i>	
	<i>Notes</i>	<i>Unrestricted total funds 1998 £'000</i>	<i>Unrestricted total funds 1997 £'000</i>	<i>Unrestricted total funds 1998 £'000</i>	<i>Unrestricted total funds 1997 £'000</i>
Incoming resources					
New construction		14,042	18,012	14,042	18,012
Religious, educational, administrative materials and film rental		1,065	948	1,065	948
Rental income		311	307	1,154	921
Other income		106	25	106	25
Net income of trading subsidiaries	1	1,293	1,280	-	-
Profits covenanted from farm activities		-	-	378	715
Exceptional item - capital contribution	2	-	650	-	-
Donation from the Corporation of The President of The Church of Jesus Christ of Latter-Day Saints		2,141	1,086	2,141	1,086
Profit on sale of fixed assets		365	-	570	-
Total incoming resources		19,323	22,308	19,456	21,707
Resources expended					
Direct charitable expenditure	3	19,040	21,393	18,997	21,356
Other expenditure	3	36	21	36	21
Total resources expended		19,076	21,414	19,033	21,377
Net movement in funds		247	894	423	330
Balances brought forward at 1 January 1998		6,145	5,251	1,173	843
Balances carried forward at 31 December 1998		6,392	6,145	1,596	1,173

Continuing operations

Net income of trading subsidiaries includes £479,000 (1997 - £Nil) in respect of acquisitions. The remainder of the charity's activities were in respect of continuing operations.

Statement of Total Recognised Gains and Losses

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the consolidated statement of financial activities.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 1998

	1998 £'000	1997 £'000
Gross income of continuing operations	17,660	21,028
Non-charitable trading activities: net income		
continuing operations	814	1,280
acquisitions	479	-
	<hr/>	<hr/>
Total income of continuing operations	18,953	22,308
Total expenditure of continuing operations	19,071	21,414
	<hr/>	<hr/>
Net income/(expenditure) for the year before gains on disposals of fixed assets	(118)	894
Net gains on disposals of fixed assets	365	-
	<hr/>	<hr/>
Net income for the year	247	894
	<hr/>	<hr/>

Total income and net income relate entirely to unrestricted funds. A detailed analysis of income by source is provided in the Consolidated Statement of Financial Activities.

Turnover of non-charitable trading activities amounted to £5,105,000 (1997 £4,119,000). A detailed analysis of the trading results is shown in note 1.

Detailed analyses of the expenditure are provided in the Consolidated Statement of Financial Activities and note 3.

The summary Income and Expenditure Account is derived from the Consolidated Statement of Financial Activities on page 6 which, together with the notes 1 and 3 to the accounts provides full information on the movements during the year on all funds of the group.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

BALANCE SHEETS

as at 31 December 1998

	Notes	GROUP		COMPANY	
		1998 £'000	1997 £'000	1998 £'000	1997 £'000
FIXED ASSETS					
Tangible assets	7	34,176	23,209	31,960	21,326
Intangible assets	8	221	693	-	114
Investments	9	5	5	1,000	1,000
		<u>34,402</u>	<u>23,907</u>	<u>32,960</u>	<u>22,440</u>
CURRENT ASSETS					
Stocks	10	4,301	3,278	519	448
Debtors	11	2,356	1,385	2,224	581
Cash at bank and in hand		2,491	1,662	1,757	780
		<u>9,148</u>	<u>6,325</u>	<u>4,500</u>	<u>1,809</u>
CREDITORS: Amounts falling due within one year	12	(1,427)	(1,392)	(297)	(595)
NET CURRENT ASSETS		<u>7,721</u>	<u>4,933</u>	<u>4,203</u>	<u>1,214</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,123</u>	<u>28,840</u>	<u>37,163</u>	<u>23,654</u>
CREDITORS: Amounts falling due after more than one year	13	(35,567)	(22,481)	(35,567)	(22,481)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(164)	(214)	-	-
		<u>6,392</u>	<u>6,145</u>	<u>1,596</u>	<u>1,173</u>
CAPITAL AND RESERVES					
Called up share capital	15	-	-	-	-
Income fund					
Unrestricted funds:					
Accumulated fund	16	6,392	6,145	1,596	1,173
		<u>6,392</u>	<u>6,145</u>	<u>1,596</u>	<u>1,173</u>

Approved by the Board on 12 April 2000
and signed on their behalf

A K Broadway
A K Broadway

Director

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 1998

Reconciliation of operating surplus to net cash inflow from operating activities	Notes	1998 £'000	1997 £'000
Operating surplus	19a	89	282
Depreciation		719	562
Amortisation		37	37
Profit on disposal of fixed assets		(367)	(64)
Increase in stocks		(694)	(51)
Increase in debtors		(856)	(423)
Increase in creditors		13,122	1,041
Net cash inflow from operating activities		12,050	1,384

CASH FLOW STATEMENT

		1998 £'000	1997 £'000
Net cash inflow from operating activities		12,050	1,384
Returns on investments and servicing of finance	19a	108	60
Taxation received		-	(57)
Capital expenditure and financial investment	19a	(10,434)	(1,852)
Acquisitions and disposals	19a	(826)	-
CASH FLOW BEFORE FINANCING		898	(465)
Financing	19a	-	585
INCREASE IN CASH IN THE PERIOD		898	120

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 19b)

	1998 £'000	1997 £'000
Increase in cash in the period	898	120
Change in net debt resulting from cash flows	(13,086)	(709)
MOVEMENT IN NET DEBT IN THE PERIOD	(12,188)	(589)
NET DEBT AT 1 JANUARY 1998	(20,960)	(20,371)
NET DEBT AT 31 DECEMBER 1998	(33,148)	(20,960)

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 1995, the Statement of Recommended Practice "Accounting by Charities", applicable accounting standards and under the historical cost convention.

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Church of Jesus Christ of Latter-Day Saints (Welfare) and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 1998. The consolidation has been prepared using the acquisition method of accounting.

INCOMING RESOURCES

Cost of constructing new buildings on behalf of The Church of Jesus Christ of Latter-Day Saints (Great Britain) are recharged at each year end on the basis of total construction costs incurred to date.

Income arising from the sale of religious, educational, administrative materials and film rental represents the invoiced value, net of Value Added Tax, of goods sold and services provided to members and non-members.

RESOURCES EXPENDED

Direct charitable expenditure comprises expenditure directly relating to the objects of the charity. Costs are either specifically identified or apportioned on an appropriate basis between direct charitable expenditure and management and administration of the charity. Expenditure is recognised on an accruals basis.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Farm houses	over 40 years
Farm buildings and amenities	over 5 to 20 years
Fixtures and fittings	over 5 to 10 years
Plant and machinery	over 5 to 10 years
Motor vehicles	over 3 to 10 years

INTANGIBLE FIXED ASSETS

Milk Quotas:

Milk quotas are stated at cost. Provision is made for any permanent diminution in value.

Goodwill:

Goodwill arising on acquisition representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and written off over 10 years as in the opinion of the directors this represents the period over which the goodwill is effective.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any permanent diminution in value.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

ACCOUNTING POLICIES

STOCKS

Stocks and cultivations are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of financial activities.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences to the extent that it is probable that a liability will crystallise at the rate expected to be ruling at that date.

PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged to the statement of financial activities over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

PARENT COMPANY DONATIONS AND CAPITAL CONTRIBUTIONS

Donations by one of the company's parent undertakings to fund certain aspects of the company's excess of expenditure over income are included within incoming resources in the year to which they relate.

Capital contributions by one of the company's parent undertakings to provide funding, are treated as an exceptional item in the statement of financial activities in the year in which they arise.

AREA AID INCOME

Area aid income is recognised in the statement of financial activities when the underlying crops are sold. Set-aside income is recognised on a receipts basis.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

1 NET INCOME OF TRADING ACTIVITIES OF SUBSIDIARIES

The charity has three subsidiaries which are incorporated in England and Wales. All companies operate farms. Audited accounts have been filed with the Registrar of Companies which show the following results;

	<i>Farmspeed (Southery Anchor) Limited £'000</i>	<i>Hallsworth (Farmland Trust) Limited £'000</i>	<i>AgReserves Limited £'000</i>	<i>1998 Total £'000</i>	<i>1997 Total £'000</i>
Turnover	1,286	2,089	1,730	5,105	4,119
Cost of sales	(233)	(1,240)	(1,510)	(2,983)	(2,544)
Gross surplus	<u>1,053</u>	<u>849</u>	<u>220</u>	<u>2,122</u>	<u>1,575</u>
Operating expenses	(785)	(664)	(434)	(1,883)	(1,069)
Other operating income	-	61	44	105	153
Operating surplus/(deficit)	<u>268</u>	<u>246</u>	<u>(170)</u>	<u>344</u>	<u>659</u>
Profit/(loss) on disposal of fixed assets	-	2	(205)	(203)	67
Interest receivable	-	7	48	55	38
Interest payable	(1)	-	-	(1)	-
Charitable payments	-	(342)	(36)	(378)	(715)
Taxation	-	22	28	50	(98)
Net income/(expenditure) for the year	<u>267</u>	<u>(65)</u>	<u>(335)</u>	<u>(133)</u>	<u>(49)</u>

The following transactions have been eliminated on consolidation;

	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Rent payable to parent undertaking	212	373	258	843	614
Charitable payments to parent undertaking	-	342	36	378	715
Loss on disposal of fixed assets (see below)	-	-	205	205	-
	<u>212</u>	<u>715</u>	<u>499</u>	<u>1,426</u>	<u>1,329</u>
Net income of trading subsidiaries included in the Statement of Financial Activities	<u>479</u>	<u>650</u>	<u>164</u>	<u>1,293</u>	<u>1,280</u>

The loss on disposal of fixed assets of £205,000 has been adjusted on consolidation to offset this amount against the profit on disposal of fixed assets shown within the parent company's financial statements. The assets of Ridge Farm were partly held by AgReserves Limited and partly by the parent company, this adjustment results in the overall profit on disposal being included within the Consolidated incoming resources rather than in two separate places within these accounts.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

2 CAPITAL CONTRIBUTION

During the year the group received a capital contribution of £Nil (1997 £650,000) from the Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

3 ANALYSIS OF TOTAL RESOURCES EXPENDED

	<i>GROUP</i>		<i>COMPANY</i>	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Direct charitable expenditure:				
Cost of construction	14,042	18,012	14,042	18,012
Welfare payments	1,211	786	1,211	786
Staff costs	1,394	841	1,394	841
Materials and supplies	94	59	94	59
Repairs and maintenance	173	122	173	122
Depreciation and amortisation	105	94	67	57
Physical facilities	328	120	328	120
Farm operating costs (net)	278	275	273	275
General administrative costs	525	207	525	207
Cost of religious, educational, administrative materials and film acquisitions	890	877	890	877
	<u>19,040</u>	<u>21,393</u>	<u>18,997</u>	<u>21,356</u>

	<i>GROUP</i>		<i>COMPANY</i>	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Other expenditure:				
Office expenses	3	3	3	3
Professional fees	33	18	33	18
	<u>36</u>	<u>21</u>	<u>36</u>	<u>21</u>

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

4	NET INCOME/(EXPENDITURE) FOR THE YEAR	1998 £'000	1997 £'000
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Net income/(expenditure) is stated after charging:

Depreciation		
- owned assets	719	562
Profit on disposal of fixed assets	(367)	(64)
Auditors' remuneration - audit services	41	34
- other services	1	19
Operating lease rentals		
- plant and machinery	603	379
- other	290	262
	<u> </u>	<u> </u>

5	EMPLOYEES	1998 No.	1997 No.
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The average weekly number of persons (including directors) employed by the group during the year was:

135	80
<u> </u>	<u> </u>

	1998 £'000	1997 £'000
Staff costs for the above persons:		
Wages and salaries	2,271	1,368
Social security costs	177	99
Other pension costs	139	107
	<u> </u>	<u> </u>
	2,587	1,574
	<u> </u>	<u> </u>

For the year ended 31 December 1998 the number of employees whose emoluments fell within the following bands are as follows:

	1998 No.	1997 No.
£50,000 +	1	1
£40,000 - £50,000	2	1

DIRECTORS' REMUNERATION

None of the company directors received any remuneration during the year.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

6 TAXATION

The company is a registered charity and as such its charitable activities are not liable to UK corporation tax.

The company's subsidiaries are liable to UK corporation tax and the charge for the year is shown within the net income of trading activities of subsidiaries in note 1.

7 TANGIBLE FIXED ASSETS

GROUP

	<i>Freehold land and buildings</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Plant and machinery</i> £'000	<i>Motor vehicles</i> £'000	<i>Farms</i> £'000	<i>Total</i> £'000
Cost						
1 January 1998	1,279	102	2,795	296	20,365	24,837
Transfers	-	-	36	-	(36)	-
Acquisitions (note 20)	-	-	450	-	-	450
Additions	1,020	9	529	67	10,378	12,003
Disposals	-	-	(179)	(36)	(917)	(1,132)
31 December 1998	2,299	111	3,631	327	29,790	36,158
Depreciation						
1 January 1998	13	54	925	196	440	1,628
Transfers	-	-	8	-	(8)	-
Charged in the year	5	9	521	71	113	719
Disposals	-	-	(81)	(35)	(249)	(365)
31 December 1998	18	63	1,373	232	296	1,982
Net book value						
31 December 1998	2,281	48	2,258	95	29,494	34,176
31 December 1997	1,266	48	1,870	100	19,925	23,209

A detailed analysis of the farms category is shown on page 17.

All of the tangible fixed assets are used to generate income for charitable purposes.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

7 TANGIBLE FIXED ASSETS *(continued)*

COMPANY

	<i>Freehold land and buildings £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Plant and machinery £'000</i>	<i>Motor vehicles £'000</i>	<i>Farms £'000</i>	<i>Total £'000</i>
Cost						
1 January 1998	1,234	102	269	180	20,365	22,150
Transfers	-	-	36	-	(36)	-
Additions	1,020	9	32	51	10,378	11,490
Disposals	-	-	-	(30)	(917)	(947)
31 December 1998	2,254	111	337	201	29,790	32,693
Depreciation						
1 January 1998	-	54	192	138	440	824
Transfers	-	-	8	-	(8)	-
Charged in the year	-	9	27	38	113	187
Disposals	-	-	-	(29)	(249)	(278)
31 December 1998	-	63	227	147	296	733
Net book value						
31 December 1998	2,254	48	110	54	29,494	31,960
31 December 1997	1,234	48	77	42	19,925	21,326

A detailed analysis of the farms category is shown on page 17.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

7 TANGIBLE FIXED ASSETS(continued)

GROUP & COMPANY

Included within farms above are:

	<i>Freehold land £'000</i>	<i>Farm houses £'000</i>	<i>Farm buildings & amenities £'000</i>	<i>Plant and machinery £'000</i>	<i>Total £'000</i>
Cost					
1 January 1998	16,949	2,186	1,194	36	20,365
Transfers	(132)	(204)	336	(36)	(36)
Additions	9,200	636	542	-	10,378
Disposals	(406)	(155)	(356)	-	(917)
31 December 1998	25,611	2,463	1,716	-	29,790
Depreciation					
1 January 1998	-	90	342	8	440
Transfers	-	-	-	(8)	(8)
Charged in the year	-	29	84	-	113
Disposals	-	(19)	(230)	-	(249)
31 December 1998	-	100	196	-	296
Net book value					
31 December 1998	25,611	2,363	1,520	-	29,494
31 December 1997	16,949	2,096	852	28	19,925

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

8 INTANGIBLE FIXED ASSETS

GROUP	<i>Milk quotas £'000</i>	<i>Goodwill £'000</i>	<i>Total £'000</i>
Cost			
1 January 1998	435	368	803
Disposals	(435)	-	(435)
	<hr/>	<hr/>	<hr/>
31 December 1998	-	368	368
	<hr/>	<hr/>	<hr/>
Amortisation			
1 January 1998	-	110	110
Amortisation for the year	-	37	37
	<hr/>	<hr/>	<hr/>
31 December 1998	-	147	147
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 1998	-	221	221
	<hr/>	<hr/>	<hr/>
31 December 1997	435	258	693
	<hr/>	<hr/>	<hr/>

INTANGIBLE FIXED ASSETS - COMPANY

	<i>Milk quotas £'000</i>
Cost and net book value:	
1 January 1998	114
Disposals	(114)
	<hr/>
31 December 1998	-
	<hr/>

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

9 FIXED ASSET INVESTMENTS - GROUP

	<i>Listed £'000</i>	<i>Unlisted £'000</i>	<i>Total £'000</i>
Cost			
1 January 1998 and 31 December 1998	5	6	11
Provision for diminution in value			
1 January 1998 and 31 December 1998	-	6	6
Net book value			
At 1 January 1998 and 31 December 1998	5	-	5

The market value of listed investments, which are included above at a net book value of £5,000, as at 31 December 1998 was £12,000 (1997: £10,000).

The market value of unlisted investments, which are included above at a net book value of £Nil, as at 31 December 1998 was £2,000 (1997: £2,000).

FIXED ASSET INVESTMENTS - COMPANY

	<i>Investment in subsidiary undertaking £'000</i>
1 January 1998 and 31 December 1998	1,000

The company holds more than 10% of the share capital of the following undertakings:

<i>Name</i>	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion directly held</i>	<i>Nature of business</i>
AgReserves Limited	England	Ordinary	100%	Farming
<i>Indirect holdings</i>				
Hallsworth (Farmland Trust) Limited	England	Ordinary	100%	Farming
Farmspeed (Southery Anchor) Limited	England	Ordinary	100%	Farming

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

10	STOCKS	GROUP		COMPANY	
		1998 £'000	1997 £'000	1998 £'000	1997 £'000
	Finished goods and goods for resale	519	448	519	448
	Farm stocks	1,301	1,047	-	-
	Harvested crops	2,370	1,653	-	-
	Livestock	111	130	-	-
		<u>4,301</u>	<u>3,278</u>	<u>519</u>	<u>448</u>
11	DEBTORS	GROUP		COMPANY	
		1998 £'000	1997 £'000	1998 £'000	1997 £'000
	Due within one year				
	Trade debtors	1,331	538	-	-
	Other debtors	1,023	786	883	525
	Prepayments and accrued income	2	61	1	56
	Amounts owed by group undertakings	-	-	1,340	-
		<u>2,356</u>	<u>1,385</u>	<u>2,224</u>	<u>581</u>
12	CREDITORS: Amounts falling due within one year	GROUP		COMPANY	
		1998 £'000	1997 £'000	1998 £'000	1997 £'000
	Bank overdraft	72	141	-	-
	Trade creditors	168	17	-	-
	Other taxation and social security costs	39	23	39	23
	Other creditors	843	424	258	78
	Accruals and deferred income	305	731	-	-
	Amounts owed to group undertakings	-	-	-	494
	Amounts owed to fellow subsidiaries	-	56	-	-
		<u>1,427</u>	<u>1,392</u>	<u>297</u>	<u>595</u>

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

13 CREDITORS: Amounts falling due in more than one year

	GROUP		COMPANY	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Loan from holding company	35,567	22,481	35,567	22,481

The loan from the holding company is a loan from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints which is subordinated to the claims of all other creditors. The loan is interest free and there are no fixed repayment terms.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	GROUP Deferred taxation £'000	COMPANY Deferred taxation £'000
Balance at 1 January 1998	214	-
Transfer from profit and loss	(50)	-
Balance at 31 December 1998	164	-

	1998		1997	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000

DEFERRED TAXATION - GROUP:

Excess of tax allowances over depreciation	164	-	214	-
--	-----	---	-----	---

15 SHARE CAPITAL

	1998 £	1997 £
Authorised, allotted, issued and fully paid 100 ordinary shares of £1 each	100	100

16 ACCUMULATED FUND

	GROUP		COMPANY	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Balance at 1 January 1998	6,145	5,251	1,173	843
Net surplus for the financial year	247	894	423	330
Balance at 31 December 1998	6,392	6,145	1,596	1,173

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1998 £'000	1997 £'000
	Surplus for the financial year	247	894
	Opening shareholders' funds	6,145	5,251
	Closing shareholders' funds	<u>6,392</u>	<u>6,145</u>

Shareholders' funds are entirely attributable to equity interests.

18 COMPANY INCOME AND EXPENDITURE ACCOUNT

As permitted by s230(3) Companies Act 1985, the company has not presented its own income and expenditure account.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

19 CASH FLOWS

a	Analysis of cash flows	1998 £'000	1997 £'000
	Reconciliation of net movement in funds to operating surplus		
	Net movement in funds	247	894
	Interest received	(109)	(60)
	Interest paid	1	-
	Taxation	(50)	98
	Capital contribution from parent company	-	(650)
		<hr/>	<hr/>
	Operating surplus	89	282
		<hr/>	<hr/>
	Returns on investments and servicing of finance		
		1998 £'000	1997 £'000
	Interest received	109	60
	Interest paid	(1)	-
		<hr/>	<hr/>
		108	60
		<hr/>	<hr/>
	Capital expenditure		
		1998 £'000	1997 £'000
	Proceeds from sale of fixed assets	1,569	285
	Purchase of tangible fixed assets	(12,003)	(2,137)
		<hr/>	<hr/>
		(10,434)	(1,852)
		<hr/>	<hr/>
	Acquisitions and disposals		
		1998 £'000	1997 £'000
	Purchase of subsidiary undertaking	953	-
	Cash acquired with subsidiary	(127)	-
		<hr/>	<hr/>
		826	-
		<hr/>	<hr/>

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

19 CASHFLOWS (*continued*)

Financing	1998 £'000	1997 £'000
Capital element of finance lease repayments	-	(65)
Capital contribution from parent company	-	650
	-	585

b Analysis of changes in Net Debt

	<i>At 1 January 1998 £'000</i>	<i>Cash Flows £'000</i>	<i>At 31 December 1998 £'000</i>
Cash at bank and in hand	1,662	829	2,491
Overdrafts	(141)	69	(72)
	1,521	898	2,419
Debt due after 1 year	(22,481)	(13,086)	(35,567)
Debt due within 1 year	-	-	-
Finance leases	-	-	-
Total	(20,960)	(12,188)	(33,148)

20 PURCHASE OF SUBSIDIARY UNDERTAKING

On 27 March 1998 AgReserves Limited acquired the entire issued share capital of Farmspeed (Southery Anchor) Limited for a cash consideration of £953,000. The book value and fair value of the net assets acquired are shown below:

	Book value £'000	Revaluation £'000	Fair value £'000
Net assets acquired			
Tangible fixed assets	1,055	(605)	450
Stocks	329	-	329
Debtors	115	-	115
Cash at bank and in hand	127	-	127
Creditors	(68)	-	(68)
	1,558	(605)	953
Satisfied by			
Cash			953

The revaluation adjustment above relates to the adjustment of the book value to an open market valuation of the plant and machinery provided by independent valuers. It includes an amount of £767,917 relating to the elimination of property improvements previously capitalised within the tangible fixed assets of Farmspeed (Southery Anchor) Limited.

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

20 PURCHASE OF SUBSIDIARY UNDERTAKING (*Continued*)

The farm land and buildings on which Farmspeed (Southery Anchor) Limited operates were acquired by way of a separate transaction, on the same date, by The Church of Jesus Christ of Latter-Day Saints (Welfare) for a cash consideration of £10,378,000, based on an independent professional valuation. The value of the property improvements written down within the accounts of Farmspeed (Southery Anchor) Limited will be embodied within the value attributed to the land and buildings acquired.

21 PENSION COMMITMENTS

The Church operates a defined benefit pension scheme whose assets are held in a separate trustee administered fund. Contributions charged to the revenue account are calculated so as to spread the cost of pensions over the employees' working lives with the Church. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan was as at 31 December 1998 with the actuary's report being received in December 1999. The assumptions having the most significant effect on the valuation results were that investment returns would be 5.75% and that pensionable earnings increases would average 4% pa. The valuation, using the projected unit method, showed that the market value of the Plan's assets was £11,418,000 and that the actuarial value of those assets represented 97% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings. On the basis of the Minimum Funding Requirement (MFR) introduced by the Pensions Act 1995, the funding level was 106%. Following consultation with the Scheme's actuary, the Trustees have increased the employers' contributions to a rate of 17.8% with effect from 1 January 2000.

The pension charge for the year was £139,000 (1997 - £107,000), which included allowance for the amortisation of expected deficits. These are being recognised over 12 years, the average remaining service lives of employees.

22 RELATED PARTY TRANSACTIONS AND ULTIMATE HOLDING COMPANY

The company is owned jointly by the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints, both entities incorporated in the state of Utah, United States of America.

Details of the loan account with the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints are included in note 13. Assurances of continued financial support have been received from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints.

During the year the company purchased religious, educational and administrative materials totalling £811,000 (1997 £655,000) from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints.

During the year the group received funding from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints in order to fulfill its charitable activities.

During the year the company contracted with another fellow subsidiary, The Church of Jesus Christ of Latter-Day Saints (Great Britain) to carry out construction of church buildings on its behalf. The value of this work in the year was £14,042,000 (1997 - £18,012,000).

Farm Management Company, the Church's agricultural division in the United States, acts in an advisory capacity to AgReserves Limited, Hallsworth (Farmland Trust) Limited and Farmspeed (Southery Anchor) Limited.

During the year management fees of £6,000 (1997 - £72,000) were paid to the Farm Management Company and the balance due to it at 31 December 1998 was £Nil (1997 - £56,000).

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1998

23 CAPITAL COMMITMENTS

At 31 December 1998 the group had capital commitments as follows:

	1998 £'000	1997 £'000
Contracted for but not provided in these accounts	109	-
	<hr/>	<hr/>

24 POST BALANCE SHEET EVENT

On 1 January 1999, the trading activities operated by the company, with the exception of the real estate and construction activities, were transferred to a sister company, the Church of Jesus Christ of Latter-Day Saints (Administration).

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

TRUSTEES' REPORT

OBJECTS AND PRINCIPAL ACTIVITIES

The objects of the charity are:-

- a) to promote and further the religious and other charitable work of The Church of Jesus Christ of Latter-Day Saints in the United Kingdom and elsewhere and
- b) to relieve members of the Church and other persons who are in conditions of need, hardship, sickness or distress.

To achieve the above the charity:-

- 1) invests in farms which it rents out to its subsidiary companies (AgReserves Limited, Hallsworth (Farmland Trust) Limited and Farmspeed (Southery Anchor) Limited) which then operate the farms on a commercial basis. Any profits earned from these operations are returned to the charity under covenant and are applied by the charity in furtherance of the objectives.
- 2) acquires land and builds purpose built meeting houses, for a fellow subsidiary, in which members of the Church and the public can meet for religious worship and instruction.
- 3) purchases and sells Church curriculum materials, books, pictures, audio and video cassettes, microfilms and articles of clothing, approved by the Church of Jesus Christ of Latter-Day Saints and ancillary to the main purposes of the Church, to members of the Church and the public at large.
- 4) assists individuals suffering through hardship, sickness and distress as needed.

From the above it can be deduced that the principal income sources of the charity are the rents received from the farms operated by its subsidiaries and any profits earned by those farming subsidiary companies. Our farming subsidiaries achieve their results whilst following guidelines laid down by the Church in the following mission statement:-

"We recognise that the land we have been entrusted to manage is a most important resource, that our customers have their own special needs, and that scientific establishments are our partners, and that our employees are one of our most valuable assets.

In all things we acknowledge the goodness in others. We recognise that we have a stewardship for the land for future generations. We need to be honest in our dealings with customers, employees and all with whom we transact business.

To accomplish our mission we empower our employees with the management structure, training and resources to grow the right crops in the right locations using the latest and most efficient farming technology."

The Church of Jesus Christ of Latter-Day Saints (Welfare) & Subsidiary Undertakings

TRUSTEES' REPORT

REVIEW OF THE YEAR

During the year we completed the construction of the Preston Temple and the other facilities on the site which included a patron accommodation building and retail outlet. These additional facilities, which were opened in June, generated a significant increase in our turnover.

In March 1998 we substantially increased our investment in farms with the purchase of the land and buildings operated by Farmspeed (Southery Anchor) Limited. The additional rental income generated from this acquisition will be needed to cover the increased level of aid that we were able to provide in 1998 to those in need and to provide for future similar challenges.

Towards the end of 1998 we disposed of Ridge Farm after a review carried out in conjunction with our farm operator indicated that this would not provide an adequate return on the investment in the foreseeable future. The surplus over original cost resulting from this sale is shown in our accounts.

The year was also significant for our first substantial overseas aid programmes which were part of a co-ordinated programme of humanitarian aid incentives by The Church of Jesus Christ of Latter-day Saints. We expect further opportunities in future years.

As farm operating profits from our subsidiaries will vary year to year our aim is to have a year's fund on hand at all times so that we can continue to provide assistance to those in need even when our current level of income may not be sufficient.

Finally, in our report last year we indicated that the trading activities operated by the charity would be transferred to a sister company and we are pleased to be able to report that, with the exception of the construction and real estate activities carried out on behalf of The Church of Jesus Christ of Latter-Day Saints (Great Britain), this was completed on 1 January 1999. There was no loss to the charity arising from this change.

A K Broadway
A K Broadway
Trustee

5 April 2000